

MINUTES OF THE BOARD MEETING FOR THE DEPARTMENT OF LIVESTOCK

DEPARTMENT OF LIVESTOCK BOARD ROOM
HELENA, MONTANA

January 8 & 9, 2007

Department of Livestock Board Room

Call To Order

Chairman Bill Hedstrom called the meeting to order at 1:00 p.m.

Attendance:

Board of Livestock members present: Bill Hedstrom, Meg Smith, Linda Nielsen, John Paugh, Janice French, George Hammond and Lee Cornwell.

Department personnel present: George Harris, Central Services Division Administrator; Dr. Bill Layton, Diagnostic Laboratory Division Administrator; Carol Olmstead, Meat and Poultry Inspection Bureau Chief; Dan Turcotte, Acting Milk & Egg Bureau Chief/Sanitarian; John Grainger, Brand Enforcement Division Administrator; Dr. Jeanne Rankin, Acting State Veterinarian, Animal Health Division; Evaleen Starkel, Alternative Livestock, Animal Health Division; Marc Bridges, and Sherry Rust, Executive Secretary.

Public present: Charlene Schuster, Montana Beef Council; Errol Rice, Montana Stockgrowers Association.; Jeremy Seidlitz, Montana Cattlemen Association; John Steuber, USDA Wildlife Services; Les Graham, Montana Farm Bureau/MALAM; Mike Ragsdale, Meadow Gold Dairy; Nancy Schlepp, Montana Farm Bureau.

Board Communications

Linda Nielsen said there is a good feeder sale coming up on Thursday, prices should be holding.

Lee Cornwell said the weather has been cooperating and cattle have been out grazing on the aftermath of the hay meadows. Most producers have not have to start feeding until just recently so are stretching what little bit of hay they have. The Glasgow area got three inches of rain last fall, soaked everything up, grass is green where the wind blew the snow off of it.

Meg Smith said the wind has been blowing and not much snow down in the Dell/Divide area. She has received many

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calls from constituents wondering what is happening in the Department. Some people in her area are just starting to calve .

John Paugh said the sheep business is doing quite well. Lambs are down about 15 to 20 cents a pound since the high in October. Breeding ewes, there is not much market right now but usually picks up. Wool market is about the same to a little bit stronger with an expected demand for wool this spring which might bring that price up too.

Jan French said the Hobson area has had lots of wind. Hog prices are at about 38 cents and have been dropping lately. She sold calves at PAYS and got good prices. Good moisture, rain in January.

George Hammond said it is as mild a winter as he has seen in the Hardin area and with the moisture in the fall it is stretching the feed. He mentioned the producers in Colorado with the bad storm down there. Indications are as high as 60% loss in some areas of Colorado. It has been a marvelous winter in his area so far.

Bill Hedstrom said it is great skiing in the Kalispell area. They got about 10 inches of snow around Thanksgiving time, since then it rained and iced over. Tough on pheasants, horses can plough through it. The biggest concern is the price of corn and barley, \$7.50 per hundred on barley, hay is holding. It is hard on the hog, chicken businesses and it is hitting the dairy industry really hard.

Guest Recognition

John Steuber, USDA APHIS Wildlife Services said they are getting into the busy season. The third helicopter (federal) is coming up in March to replace the one that crashed. Wolves are thicker than ever. He said they have already taken 20 wolves this federal fiscal year- since October 1. Wolves are moving into places where they have never been.

Charlene Schuster, Montana Beef Council, reviewed cattle shipments in Montana since October 1. October, November, December about 794,000 head of cattle were sold. That is about 50% of expected for the entire year. Beef Council paid a little over \$34,000 on the contract with the Board for that

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time period. She said the Beef Council Board meeting is coming up January 18.

Jeremy Seidlitz, Montana Cattlemens Association, said the deadline for general membership to vote on resolutions passed at the November Cattlemens Day is January 15.

Approval of Minutes

Lee Cornwell moved to approve the minutes of the November 13 & 14, 2006 Board meeting as presented. George Hammond seconded and the motion carried unanimously.

Meat Inspection Bureau

SB 59

Carol Olmstead said Senate Bill 59 is the Department's bill for adopting the federal Humane Slaughter Act of 1978. A reinterpretation from FSIS that just adopting the CFR regulations was not enough to give authority. Therefore FSIS asked that we adopt the Humane Slaughter Act of 1978. Senator Ken Hanson is sponsoring the bill. The first hearing is at 3:00 pm today in Subcommittee Ag, Livestock, Irrigation.

Out-of-State Travel

Carol said she has been asked by the National Directors Association to attend a meeting with FSIS to review again and update the manual for state program reviews. The meeting is in Omaha, Nebraska, April 23 through 27. USDA will fund that meeting. She requested Board approval for this out-of-state travel.

Jan French moved approval of the requested out-of-state travel for Carol Olmstead to attend the FSIS meeting on April 23 through 27, 2007. John Paugh seconded and the motion carried unanimously.

Updates

Carol Olmstead said about five plants are working toward inspection but are not ready yet. The ones that Meat Inspection can absorb already have been. There might be an issue when a proposed plant in Big Timber comes on line because she does not have an inspector in Big Timber. Issues are pending where another inspector may be needed in the Kalispell area but she is awaiting FSIS budget commitments.

Carol said there was a NASDA conference call on interstate shipment of state inspected products just before Christmas.

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Sponsors have come forward wanting to introduce both the Senate Bill and the House Bill. NASDA is meeting with both Senate & House and hoping to have something back into bill form and active by the end of the month.

Diagnostic Laboratory Division

VS Test Training at NVSL

Dr. Layton said NAHLN mountain states laboratories have been offered the opportunity to train two technicians to perform VS testing in the event of another VS outbreak. The Laboratory will be allowed to do the preliminary testing after NVSL confirmation of the index case. This training is set for February 11 through 15 in Ames, Iowa. Doug Knopp, supervisor for the serological lab and a federal employee, and Jean Block will attend. The NAHLN grant will pay for Ms. Block and federal funds will pay for Mr. Knopp.

Bayer Hematology Unit

Dr. Layton said he and Rhonda Craver traveled to Seattle at the expense of Bayer to evaluate a hematology unit that does automated hand counts for complete blood cell counts. At this time the Lab is doing manual counts on about 40 cases per day which takes about four hours. He said the laboratory will need automation to reduce labor time due to staff changes and retirements. This machine might help alleviate this issue.

Dr. Layton said negotiations are in progress and he will provide details when available. The new machine will cost about \$1200 monthly compared to \$1000 monthly on the old machine through a lease program.

Updates

The Laboratory Quality Manual is complete and was sent to AAVLD on January 2nd.

Bison Management Funding Issues

Errol Rice, Montana Stockgrowers Association, addressed the Board on producers' concern on the status of the bison management 2007 federal appropriations. He asked what the Board's contingency plan is in terms of funding. The industry is very supportive and will do what they can but producers are looking to the Board for answers.

He also said Montana Stockgrowers Association will stand in support of SB 59. The Stockgrowers stand ready to help the agency as much as they can.

Marc Bridges reviewed the current expenses for bison management and explained past funding issues. He stressed

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need for a high level discussion regarding how the Department is to function as to disease control within state statutes in the event of a nearly million dollar shortfall,. \$640,000 in general bison operations and \$240,000 for GYIBC.

Les Graham, Farm Bureau and Market Association, suggested securing assurance for the funds already expended and developing some ongoing funds for the future of bison management.

The Board discussed the issue. The Department must follow the law even without federal funding. Prior to 1997, when the first bison funding was earmarked, the industry provided funding through per capita. Without funding the IBMP would probably be dropped. The management plan would probably then go into a border patrol type program, cheaper (@\$440,000) and effective, but the Department could end up in litigation again.

Brands Enforcement Division

Updates

John Grainger said recruitment for the supervisor position at the Ramsay Market is ongoing with some good internal interest. The Missoula Market vacancy has been changed to two part-time positions plus the recruitment of another part-time position in hopes of keeping the market running. He is working with Professional Development Center for supervisory training for market supervisors and district investigators. Some of these people have never been trained in these areas.

Milk & Egg Bureau

Proposed sheep/goat Dairy

Dan Turcotte reviewed the issues involved with a proposed sheep/goat dairy. He said plans are on hold now due to grant funding issue, no electricity no water yet.

Updates

The difficulty right now is staying current with PMO IMS requirement and doing the work within the time constraints set up by the documents. FDA will not accept it if it is a day late. He reviewed the issues and possible solutions for the Board.

Currently IT is working on formatting reports to be acceptable to FDA which will eliminate at least a couple of days worth of work for the inspectors. I.T. is also working on capturing data coming from certified dairies, Darigold & Meadow Gold,

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eliminating the need for re-entry by Helena staff, and enabling violation letters to be sent out and time clocks set through Oracle.

Dan emphasized the need for another inspector in the future, citing the distances traveled , new plants and producers coming into the system, and scheduling with the distances involved.

Recess

The meeting recessed at 2:45 p.m. for a break.

Reconvene

The meeting reconvened at 3:10. p.m.

Centralized Services

2007 Funding Issues

George Harris reviewed two concerns for the FY 2007. The meat inspection supplemental which will be addressed in HB3. He explained how the shortfall was caused and explained there will be an approximate \$97,000 supplemental tracked through the Legislature.

He then address the bison management funding that may not be forthcoming because o Congress deleting all earmarked funds. George explained the bison management plan and funding of the program. The annual federal funds amount to \$660,000 for bison operation and \$277,000 for GYIBC The are all earmarked funds. George emphasized the need to watch this issue and begin to make contingency plans for replacement of those funds. He also explained that expenditures accrued from the start of the federal year (October) through December for bison operations amount to about \$54,000 in funds not yet authorized. The Governor's Budget office has been apprised of the possible shortfall but nothing can be done until Congress acts. George agreed to send a letter to the Budget office and Chairman Hedstrom agreed to try to visit with the Executive Office concerning this issue.

Appropriations Sub-Committee Meeting

George Harris reviewed the appropriations subcommittee process for the Board. The hearing date is scheduled for January 29 and 30, Monday and Tuesday beginning at 8:00 a.m. The Board agreed to meet at 7:00 a.m. in the conference room on January 29 to attend the hearing.

Legislative Bills

George explained the plan for pick up and dissemination of Legislative bills and an at least one weekly meeting of division

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administrators to discuss any bills impacting the department. A tracking list will be set up by Sherry accessible to all administrators. He also reviewed the bills currently active that could impact the department.

Per Capita Fee Refund Request

George Harris explained the receipt of a per captia fee refund request from Jim Hagenbarth of Dillon. Mr. Hagenbarth moves cattle down to Idaho and back. He reviewed the request and found it to be justified as per the months his cattle were in Montana in the amount of \$503.20. George requested authorization from the Board to refund said amount.

Meg Smith moved to refund as the corrected amount as verified from Revenue. Jan French seconded and the motion carried unanimously.

I.T. Intern

George Harris reviewed efforts to hire an intern for the I.T. section to help with LIMS testing at the Lab. He discussed potential salary and the benefits of an intern. He also discussed the probable need to contract for completion of various Oracle reports.

John Paugh moved to approve the intern position (part-time) as per George Harris's request. Lee Cornwell seconded and the motion carried

Recruitment

George Harris discussed the recruitment for the State Veterinarian and Milk & Egg Bureau Chief positions. The veterinarian position will be advertised nationwide.

Lee Cornwell moved to open the Milk & Egg Bureau Chief position internally. John Paugh seconded and the motion carried unanimously.

Executive Officer Position

In answer to the Board's request for an update on the executive officer vacancy George reviewed the steps taken by Jim Kerrins. Jim sent the documents to Viv Hammill for review with a request for a reply prior to the Board Meeting. After discussion the Board requested Jim Kerrins report his progress on Tuesday.

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Adjournment

Chairman Bill Hedstrom adjourned the meeting at 4:10 p.m.

January 9, 2007

Department of Livestock Conference Room

Call To Order

Vice Chairman Lee Cornwell called the meeting to order at 8:12 a.m.

Roll Call

Board of Livestock members present: Lee Cornwell, Meg Smith, John Paugh, George Hammond, Janice French, and Linda Nielsen.

Department personnel present: George Harris, Central Services Division Administrator; Dr. Bill Layton, Diagnostic Laboratory Division Administrator; Carol Olmstead, Meat and Poultry Inspection Bureau Chief; Dan Turcotte, Acting Milk & Egg Bureau Chief/Sanitarian; John Grainger, Brand Enforcement Division Administrator; Monte Nick, Milk Control; Dr. Jeanne Rankin, Acting State Veterinarian, Animal Health Division; Clyde Huseby, Animal Health Division; Evaleen Starkel, Alternative Livestock, Animal Health Division; Rob Tierney and Bob Morton, Bison Management, Animal Health Division; and Sherry Rust, Executive Secretary.

Public present: Nancy Schlepp, Farm Bureau; Errol Rice, Montana Stockgrowers Association; Jeremy Seidlitz, Montana Cattlemens Association; Charlene Schuster, Montana Beef Council; John Steuber, USDA APHIS Wildlife Services; Aeric Reilly, Montana Woolgrowers; John Munding, Consultant for Great Solutions, LLC; Ryan Clarke, APHIS; Jim Kerrins, CMS; Les Graham, Montana Farm Bureau and Montana Auctions and Livestock Markets Association; Clyde Greer, Larry Van Dyke, Daniel Kleinsasser, and Andy P. Wipf, Montana Milk Control Board; Eli Hofer, Milford Colony; Ed Waldner, Montana Milk Producers Association; Ruben A Wurz, Big Stone Colony; Sam Sheppard and Kurt Alt; Fish, Wildlife & Parks.

Pork Producer Annual Meeting

Jan French invited all to attend the Annual Meeting of the Pork Producers in Great Falls on January 18th.

Animal Health

Official Order – Equine

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Viral Arteritis

Dr. Rankin explained the need for an official order in response to the disease outbreak as a result of illegally imported equine semen last year from New Mexico. She requested approval from the Board to seek input from the industry and bordering states then complete a draft of the order. The purpose of the order would be to keep diseased animals out to avoid the follow up management issues.

Jan French moved to authorize the State Veterinarian to pursue an official order regarding this issue. George Hammond seconded and the motion carried unanimously.

Updates

Dr. Rankin explained that USDA has called a meeting in Denver on January 20th concerning National I.D. system brand states working group. She requested authorization to send Clyde Huseby to attend representing the Department Grant money would be used to fund this trip should the new grant be forthcoming.

John Paugh moved to authorize the out-of-state travel for attendance at the USDA National I.D. Brand States Working Group meeting as presented. Jan French seconded and the motion carried unanimously.

Potential Bison Hunt Expansion Environmental Assessment Process

Dr. Rankin introduced Fish, Wildlife & Parks and Kurt Alt, Region C Wildlife Manager and Warden Captain Sam Shepard. Kurt explained that the agencies involved in implementing the Interagency Bison Management Plan (IBMP) are considering the potential adaptive management changes to the Operating Procedures and potential expansion of the bison hunt. An environmental assessment is needed to look at the potentials for future bison hunting. Since changes to the IBMP, including expansion of the bison hunt, are subject to Board of Livestock approval Mr. Alt reviewed the proposed changes for the Board. The IBMP agencies identified the following options that could be explored for expanded hunting opportunities:

- Absaroka-Beartooth Wilderness
- Royal Teton Ranch
- Taylor Fork area of upper Gallatin

The plan is based on expanded hunting opportunity as a

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management tool not really an expansion of area outside the Park. Dr. Ryan Clark, USDA APHIS, explained the partners in the IBMP realized this plan may not work and if it is no at least the plan have been assessed. Any one option or all options could be approved it does not have to be a total package. The Board discussed the continuing disease issue and potential risks contained in the modification plan. John Munding, consultant, suggested the Board could concur with caveats concerning disease and protecting Montana's brucellosis free status. The Board does not promote expansion of the disease but is open to using hunting long term as a management tool. Another issue to consider is the 49 other State Veterinarians and their viewpoint on this plan.

Jan French moved to take the proposed Environmental Assessment under advisement for further time to study the plan. George Hammond seconded and the motion carried unanimously.

Recess

The meeting recessed at 9:45 a.m. for a break.

Reconvene

The meeting reconvened at 10:00 a.m.

Milk Control Bureau

Dairy Association
Legislation

Monte Nick, Milk Control Bureau, introduced milk producers and members of the Milk Control Board in attendance at the meeting. Concerning LC1875 he said there were no objections from producers and they appreciate any efforts to provide funding for livestock producer fees. On LC1876 the end result would be to possibly be more money to the producer, no objections. Third is a proposed bill concerning eliminating the Milk Control Board and placing the Milk Control Bureau under the Board of Livestock. Discussion on why the proposal was put forth, economics. And actual costs and duties of the Milk Control Board. Concerns put forth by producers, processors, and Milk Control members included:

- possible conflict of interest with BOL members
- could effect the response to producer requests
- expense is minimal and is paid by the producers
- producers would no longer have a mediator to settle conflicts

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- could change the setting of prices negatively
- BOL might not be as reactive to needs of producers
- producers are comfortable with the Board of Milk Control and their response to producer needs
- long term it may streamline government but short term it could cause a delay in issue being considered

The Board responded that they did not lobby for this change. They are not interested in adding another duty. It was commented that the bill currently does not have a sponsor and is probably a dead issue.

Interim Approval by the Chairman

The Chairman authorized out-of-state travel to for Dr. Layton and Rhonda Craver to Seattle to review lab equipment. He requested Board approval of that authorization.

Lee Cornwell move to approve Chairman Hedstrom's interim authorization of the out-of-state travel for Dr. Layton and Rhonda Craver to Seattle. John Paugh seconded and the motion carried unanimously.

Public Comment

Dr, Dick Rath, Lewistown veterinarian and chairman of the Montana Stockgrowers cattle health committee, addressed the Board regarding Montana's legible shield requirement on breeding females. He asked the Board to discuss and study the possibility elimination of Montana's legible shield requirement . Dr Rankin commented that from a disease prospective the requirement should be continued. USDA requirements include tag and tattoo. Discussion continued on brucellosis detection and eradication and the ultimate goal of a brucellosis free nation and no need to vaccinate. The Board agreed to put the issue on the agenda for the next meeting. Dr. Rankin will bring the issue up at the Western States meeting in March.

Executive Office

Recommended Change
In Bylaws

A recommendation was made that the Board approve a Bylaw change on page 17, section 2, paragraph 2, regarding bonding of employees. The first sentence needs to be stricken. Bonding is no longer a requirement by the Department or the state. Risk Management now insures all state employees.

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George Hammond moved to strike the first sentence on page 17, section 2, paragraph 2 regarding bonding as recommended. Jan French seconded and the motion carried unanimously.

Approval of Weekly Reports

John Paugh moved to approve the Executive Officer's reports for November 11 through December 29, 2006 . Lee Cornwell seconded and the motion carried unanimously.

Opportunity for Public Comment

The Chair called for comment from the public.

Old Business

Executive Officer
Vacancy

Jim Kerrins explained he prepared the recruitment documents on the executive officer position and forwarded them to the Board for comment. Then as directed by the Board he sent the revised documents to Viv Hammill, Governor's office and Carol Grell Morris, DOL's contract attorney. The last response from Ms. Hammill was the issue is much more complicated and she continues to study it. The Board discussed requesting independent legal advise and the time frame needed in completing recruitment (a minimum of three months). Mr. Kerrins had requested response prior to today's meeting with no reply.

Jan French moved that the Board send a letter of request for a response by January 19 from Ms. Hammill on the legal issues and suggested solutions on the Executive Officer position.

George Hammond seconded and the motion carried unanimously.

The Board charged Sherry Rust to send the request to Ms. Hammill as soon as possible so recruitment can begin. A meeting was then scheduled January 29 at 1:00p.m following the Legislative Budget Hearing to discuss any reply received from Ms. Hammill.

Distribution of Executive
Officer duties

The Board addressed executive officer duties and designated duties to employees as appropriate.

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Schedule Next Meeting

The Board scheduled a January 29, 2007 meeting for 1:00 p.m. with the following agenda items:

- Executive Officer vacancy
- Fish, Wildlife & Park's proposal

The Board scheduled the next regular Board meeting for Monday March 19, 2006, at 1:00, p.m. and Tuesday March 20, 2006, at 8 a.m.

Adjournment

Chairman Bill Hedstrom adjourned the meeting at. a.m.

/s/ Bill Hedstrom
BILL HEDSTROM, CHAIRMAN
BOARD OF LIVESTOCK